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UNCLAS SECTION 01 OF 09 COLOMBO 001837

SIPDIS

SENSITIVE, SIPDIS

DOL/ILAB FOR TINA MCCARTER

DRL/IL FOR LAUREN HOLT

STATE FOR EB/TPP/BTA AND SCA/INS

MCC FOR D NASSIRY AND E BURKE

GENEVA PASS USTR/GBLUE

E.O 12958: N/A
TAGS: ECON ELAB EIND ETRD PHUM SOCI EAID CE

SUBJECT: SRI LANKA - 2007 NATIONAL TRADE ESTIMATE REPORT

REF: STATE 136302

¶1. The following report has been submitted per reftel instructions in Microsoft Word format to the US Trade Representative. With the exception of format changes for dissemination and readability via cable, the language remains the same:

SRI LANKA: TRADE SUMMARY

¶2. The U.S. goods trade deficit with Sri Lanka was $1.9 billion in 2005, an increase of $95 million from $1.8 billion in 2004. U.S. goods exports in 2005 were $179 million, up 18.5 percent from the previous year. Corresponding U.S. imports from Sri Lanka were $2.1 billion, up 6.3 percent. US exports in 2005 included tsunami related exports of approximately $20 million. Sri Lanka is currently the 104th largest export market for U.S. goods.

IMPORT POLICIES

¶3. In 1978, Sri Lanka shifted away from a socialist orientation and opened its economy to foreign investment. But the pace of reform has been uneven. A period of aggressive economic reform under the UNP-led government that ruled from 2002 to 2004 was followed by a more statist approach under former President Chandrika Kumaratunga and current President Mahinda Rajapaksa. President Rajapaksa's broad economic strategy was outlined in his election manifesto "Mahinda Chintana" (Mahinda's Thoughts), which now guides government economic policy. Mahinda Chintana policies focus on poverty alleviation and steering investment to disadvantaged areas; developing the small and medium enterprise sector (SME); promotion of agriculture; and expanding the already enormous civil service. The current government has backtracked on trade liberalization strategies followed by previous governments.
The Trade, Tariff and Investment Policy Division of the Ministry of Finance and Planning is charged with the formulation and

implementation of policies in thise areas. In addition, the Trade and Tariff cluster of the National Council of Economic Development (NCED) also examines trade and tariff issues and sends recommendations to the Ministry of Finance and Planning. The NCED consists of 22 clusters representing both private and public sector officials which examine various sectors of the economy.

¶4. Sri Lanka has entered into several bilateral and regional trade agreements, such as the Indo-Lanka Free Trade Agreement, Sri Lanka-Pakistan Free Trade Agreement, South Asia Free Trade Agreement (SAFTA), and the Asia Pacific Free Trade Agreement (AFTA). Import tariffs on imports from member countries to these agreements have been reduced.

Import Charges

¶5. Sri Lanka's main trade policy instrument has been the import tariff. The tariff structure is subject to frequent changes. Over the past couple of years, Sri Lanka's tariff structure has moved steeply upwards. The U. S. Embassy has received complaints from affected U.S. exporters and U.S. companies in Sri Lanka regarding the "prohibitive" tariff regime.

¶6. Import tariffs: Currently, there are 5 tariff bands (reduced from 6 in November 2005) of 0 percent, 2.5 percent, 6 percent, 15 percent, and 28 percent. The highest tariff band was increased from 25 percent in 2002 to 27.5 percent in January 2004, and to 28 percent in November 2004. Textiles, pharmaceuticals, and medical equipment are free of duty. Basic raw materials are generally assessed a 2.5 percent duty. Semi-processed raw material tariffs are 6 percent, while intermediate product tariffs are 15 percent. Most finished products are at 28 percent. There are also a number of deviations from the five-band tariff policy. Tobacco and cigarette

tariffs range from 75 percent to 250 percent. In addition, there are specific duties on certain items, including footwear, ceramic products and agricultural products. These specific duties are designed to protect domestic producers. Some items are subject to an ad valorem or a specific duty, whichever is higher, and there is intermittent use of exemptions and waivers. Imports for export industries enter duty free.

¶7. Export Development Board (EDB) Levy: In November 2004, the Sri Lankan government introduced a new additional tax on a range of imports identified as "non-essential." This new tax was a response to a decline in Sri Lanka's foreign reserves and was intended to protect domestic agriculture and industry. The EDB levy is applied on the Cost plus Insurance plus Freight (C.I.F.) value, and ranges from 1 percent to 25 percent, with most goods at rates at or above 10 percent. The highest rate band was increased from 20 percent to 25 percent in September 2006. Some items carry a specific duty. Together with import tariffs, the EDB levy effectively increases charges on most finished good imports to over 50 percent of the import value, with the highest charges on goods subject to specific duties. Despite an improvement in the foreign reserve position, the government has not revoked the tax.

¶8. Other charges on imports include:
1) a 10 percent import duty surcharge on all dutiable imports;
2) a 2.5 percent ports and airports development levy (PAL) on imports (increased from 1.5 percent from January 1, 2006);
3) a Value Added Tax (VAT) of 0 percent, 5 percent, 15 percent and 20 percent (import prices are increased by 7 percent, adding an imputed profit margin, when calculating the VAT and excise duty);
4) excise fees on some products such as aerated water, liquor, beer, motor vehicles (motor vehicle excise fees increased sharply in 2004) and cigarettes;
5) a port handling charge that varies by container size; and
6) a surcharge of 1 percent assessed on the import duty for Social Responsibility Levy (to fund the National Action Plan for Children). This tax was increased from 0.25 percent from January 1, 2006.

¶9. As of October 2006, importers are required to keep a 50 percent deposit on letters of credit on non-essential imports. The requirement was introduced to discourage imports of over 40

categories of consumer items including confectionary, liquor, personal care products, footwear and tableware.

Import Licensing

¶10. Sri Lanka requires import licenses for over 300 items at the 6-digit level of the Harmonized System (HS) code, mostly for health, environment, and national security reasons. Importers must pay a fee equal to 0.1 percent of the import price to receive an import license.

Customs Barriers

¶11. The Government of Sri Lanka implemented the WTO Customs Valuation Agreement in January 2003 and follows the transaction value method to determine the C.I.F. value. The scheme has operated quite successfully, and major companies have not faced problems. Customs is also in the process of installing an Electronic Data Interchange (EDI) system to support an automated cargo clearing facility. When implemented, this system should improve customs administration and facilitate trade.

STANDARDS, TESTING, LABELING AND CERTIFICATION
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¶12. At present, there are 102 items that come under the Sri Lanka Standards Institution (SLSI) mandatory import inspection scheme. Importers of these items have to obtain a clearance certificate from the SLSI to sell their goods. SLSI accepts letters of conformity

from foreign laboratories, but retains the discretion to take samples and perform tests.

¶13. The Ministry of Health has drawn up a regulation for mandatory labeling of genetically modified food that is due to be implemented in January 2007. Some large U.S. food exporters have expressed concern about this proposed regulation, which in addition to not appearing to be science-based in its rationale, is thought to be excessive and could hinder exports of U.S. food brands to Sri Lanka.

¶14. A new labeling and advertising regulation came into effect from April 01, 2004. These regulations have been issued under the Food Act No. 26 of 1980 and govern the information that should appear on a label of any pre-packaged food product offered for sale, transported or advertised for sale in Sri Lanka. This includes all imported food items as well. New features of the latest regulations include the date of manufacture, names of the food additives, claims that are allowed and disallowed, etc.

¶15. A few food items are banned completely. There is a ban on chicken in order to protect the domestic industry. Imports of beef from the United States are banned due to fears of Bovine Spongiform Encephalopathy (BSE). Sri Lanka does not allow imports of seed potato from the US due to unfounded fears of the Colorado Beetle being introduced to the country.

GOVERNMENT PROCUREMENT

¶16. Sri Lanka is not a member of the WTO Agreement on Government Procurement. Government procurement of goods and services is mostly done through a public tender process. The Government of Sri Lanka publicly subscribes to principles of international competitive bidding, but charges of corruption and unfair awards continue. Some tenders are open only to registered providers. There are no professional evaluation experts in Sri Lanka. In 2004, the Government created a National Procurement Agency (NPA) to introduce an improved system of procurement.

¶17. Recent examples of procurement outside the normal tender process include an agreement in 2006 with the Government of China to build a coal power plant, negotiations with India to build an

additional coal power plant, a memorandum of understanding in 2006 with a Chinese consortium for detailed design works for a port in Hambantota without calling for competitive bidding, and the decision to grant oil exploration rights off the western coast of Sri Lanka to India and China without a competitive tender process.

EXPORT SUBSIDIES

¶18. Exporting companies approved by the Board of Investment (BOI) are generally entitled to corporate tax holidays and concessions. Exporters receive institutional support from the Export Development Board in marketing. Imports for exporting industries and BOI-approved projects usually are exempted from payment of VAT. For others, the VAT is refunded. The airports and ports' levy on imports for export processing is 0.25 percent of the CIF value.

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

¶19. Sri Lanka is a party to major intellectual property agreements, including the Berne Convention for the Protection of Literary and Artistic Works, the Paris Convention for the Protection of Industrial Property, the Madrid Agreement for the Elimination of False or Deceptive Indication of Source on Goods, the Nairobi

Treaty, the Patent Cooperation Treaty, the Universal Copyright Convention and the convention establishing the World Intellectual Property Organization (WIPO). Sri Lanka and the United States signed a Bilateral Agreement for the Protection of Intellectual Property Rights in 1991, and Sri Lanka is a party to the WTO Trade-Related Intellectual Property Rights (TRIPS) Agreement. Sri Lanka needs to ratify and conform to the WIPO Performances and Phonograms Treaty (WPPT) and the WIPO Copyright Treaty (WCT). Sri Lanka has not acceded to the WTO Information Technology Agreement.

¶20. In November 2003, a new intellectual property law came into force that was intended to meet both the U.S.-Sri Lanka bilateral IPR agreement and TRIPS obligations to a great extent. The law governs copyrights and related rights, industrial designs, patents for inventions, trademarks and service marks, trade names, layout designs of integrated circuits, geographical indications, unfair competition and undisclosed information. All trademarks, designs, industrial designs and patents must be registered with the Director General of Intellectual Property. Infringement of IPR is a punishable offense under the new law, and IPR violations are subject to both criminal and civil jurisdiction. Relief available to owners under the new law includes injunctive relief, seizure and destruction of infringing goods and plates or implements used for the making of infringing copies, and a prohibition of imports and exports. Penalties for the first offense include a prison sentence of 6 months or a fine of up to $5,000. The penalties could double for a second offense.

¶21. Enforcement, however, against piracy and counterfeiting is a serious problem, as is public awareness of IPR protection. Aggrieved parties must seek redress of any IPR violation through the courts, a frustrating and time-consuming process. As a sign of limited progress, during 2004-2006, Sri Lanka began enforcing its new IPR law, although the minimal damages and suspended sentence imposed suggests that the court system fails to recognize the significance of IPR. The Sri Lankan police uncovered a Malaysian-owned CD/VCD production facility in a Colombo suburb in October 2004. It was found to have produced pirated copies of music, movies and software, violating rights of several U.S. companies. The courts imposed a fine of Rs 40,000 ($ 400) and issued a suspended prison sentence of 24 months. The police have also conducted a few other raids of stores selling pirated movie and music CDs as well as counterfeit apparel. Several offenders have been charged or convicted by courts.

¶22. Counterfeit goods continue to be freely available. Local agents of the U.S. and other international companies representing

recording, software, movie, and consumer product industries continue to complain that the lack of IPR protection is damaging their business. Piracy levels are very high for sound recordings and software, making it difficult for the legitimate industries to protect their market and realize their potential in Sri Lanka. Software companies complain of the lack of IPR enforcement within government institutions. Government agencies are not proactively taking steps to regularise their existing unlicensed software, and in some instances continue to procure hardware without specifying licensed software as a requirement.

¶23. The government's Director of Intellectual Property and international experts have begun IPR legal and enforcement training for customs and police officials. An IPR working group of adversely affected industries led by the U.S. Embassy and American Chamber of Commerce of Sri Lanka is also working closely with the Sri Lankan government to pursue more aggressive enforcement and enhance public awareness. It will take time before new procedures and significant court precedents are established under the new law.

SERVICES BARRIERS

¶24. Sri Lanka has opened its services sector to foreign investment. Foreign ownership of 100 percent equity is allowed in a range of service sectors such as banking, insurance, telecommunications, tourism, stock brokerage, the construction of residential buildings and roads, the supply of water, mass transportation, production and distribution of energy, professional services and the establishment of liaison offices or local branches of foreign companies. These services are regulated and subject to approval by various government agencies. The screening mechanism is non-discriminatory and, for the most part, routine.

Banking

¶25. Foreign commercial banks are allowed to open branch offices in Sri Lanka, subject to an economic needs test and approval by the Central Bank. Foreign investors are allowed to hold 100 percent equity in local banks, subject to limits on individual share ownership. Currently, there are twelve foreign commercial banks operating in Sri Lanka, including one U.S. bank. Listed below are the main constraints faced in the commercial banking sector:
1) government ministries and departments must use only state-owned banks for their banking business;
2) restriction on speculative foreign exchange trading by commercial banks (banks are allowed to buy or sell foreign exchange for commercial transactions only);
3) restriction on total lending by foreign banks to a single name limited to 30% of capital funds in Sri Lanka. (The option of a guarantee from the head office in lieu of capital was withdrawn by the Central Bank in 2006.);
3) a VAT on profit before tax and salaries;
4) a mandatory lending requirement to the agricultural sector (applicable to both local and foreign banks). The Central Bank requires banks to increase lending to the agricultural sector to 10% of total advances by December 2009.

Insurance

¶26. One hundred percent foreign ownership is allowed in insurance. Foreign insurance companies are required to incorporate in Sri Lanka to conduct insurance business. The government has recently privatized the state-owned insurance companies. Resident Sri Lankans are prohibited from obtaining foreign insurance policies except for health and travel. Sri Lanka's insurance regulatory body retains powers to introduce minimum and maximum premiums for various insurance products.

Telecommunications

¶27. The telecommunications sector is the most dynamic service industry in Sri Lanka. There is one fixed wire line operator, Sri

Lanka Telecom (SLT), two wireless local loop operators and four mobile phone operators. Several private operators also provide radio paging, data communication, internet service and satellite link-ups. The government of Sri Lanka sold a 35 percent stake in SLT to NTT of Japan in 1997. The government sold a further 12.5 percent stake of SLT in 2003 to the public. SLT has recently acquired a mobile phone operator. Due to the past monopoly status under government control, SLT continues to own most of the national telephone infrastructure (including main switches and the only two international cable landing stations) and continues to dominate the sector, affecting the competitiveness of other operators. All other operators are privately owned. In early 2003, the government liberalized international telecommunications and issued 33 non-facilities-based gateway licenses, ending the SLT monopoly over international telephony. Since then, international outgoing call rates have dropped sharply.

¶28. A key problem facing the telecommunications sector is restriction on interconnection. The Regulatory Authority has failed to enforce regulations provided under the Telecommunications Act to establish an efficient and transparent interconnection regime. As a

result, SLT, the wireless operators and the mobile operators have effectively restricted interconnection for other operators. This has adversely affected the operations of most of the other operators and new international gateway licensees who are unable to make use of their licenses due to lack of interconnection by the local exchange operators. This situation has resulted in illegal bypassing by some operators. Spectrum management is also weak and frequencies are not properly allocated, thereby negatively affecting telecommunication operators.

Tax on foreign TV programs and commercials

¶29. Following a proposal contained in the 2006 government budget, the government has imposed a tax on foreign movies and television programs as follows:
-- Imported English language movies shown on television are taxed at Rs 25,000 (approximately $250). Movies in other languages are taxed at Rs 200,000 ($2,000).
-- English language television programs are taxed at Rs 10,000 ($100) per half hour episode. Programs in other languages are taxed at Rs 75,000 ($750) per half hour episode.
-- Any foreign film or program dubbed in the local language Sinhala is taxed at Rs 90,000 ($900) per half hour.
-- Documentaries of educational interest are exempted. Imported Tamil language programs are also exempted.
-- Foreign television commercials are taxed at Rs 500,000 ($5,000) per year.
-- Government approval is required for all foreign films and programs shown on TV.

¶30. Copies of movies and programs need to be submitted to the Ministry of Media and Information for prior approval. However, the Ministry does not ask for copies of each and every episode of long running television serials. Approval is usually given within 24 hours.

¶31. President Rajapaksa, who is also the Finance Minister, proposing the tax on TV programs said the revenue will be used to assist the local film and teledrama industry. Sri Lankan television stations import English, Tamil and Hindi movies and programs in addition to locally made Sinhala and Tamil ones. So far, no revenues have been allocated for this stated purpose.

Closure of satellite TV stations

¶32. On a police complaint, courts imposed a clampdown in June 2006 on two of the biggest companies offering pay TV services in Sri Lanka. The initial reason for the closure of the first operator was an alleged connection to the Liberation Tigers of Tamil Eelam (LTTE), a US-designated foreign terrorist organization (on the basis that they used the same commercial satellite to receive data). Later it was announced that these operators did not have proper licenses. In July 2006, the President ordered the regulators, the

Ministry of Mass Media and Information and the Telecommunications Regulatory Commission of Sri Lanka, to license the operators and regulate the industry. However, the regulators failed to take action to restart the operations until October 2006. The four month closure of the two pay TV services has curtailed satellite broadcasts of foreign programs, including some U.S. programs.

Professional Services

¶33. There is no formal national policy on professional services. In practice, many foreign doctors, nurses, engineers, architects, and accountants work in Sri Lanka. Most of them are employed by foreign companies. Sri Lanka has not made any WTO commitments on the presence of natural persons, and national treatment is not accorded to foreign nationals working in Sri Lanka. Most foreign nationals do not have statutory recognition in Sri Lanka and cannot sign documents presented to government institutions or regulatory bodies.

¶34. The Immigration Department grants resident visas for expatriates and professionals whose services are required for projects or by companies approved by the Board of Investment (BOI). The Department also grants visas for expatriates required for projects approved by the government. Non-BOI companies, such as banks, can also recruit expatriate staff. Sri Lanka also operates a resident guest visa program for foreign investors and professionals who are recommended by the relevant ministry.

Legal Services

¶35. A person can provide legal consultancy services without being licensed to practice law in Sri Lanka. Foreigners are not allowed to practice law (i.e., appear in courts) and do not have statutory recognition in Sri Lanka. Sri Lankan citizens with foreign qualifications need to sit for exams conducted by the Sri Lanka Law College in order to practice and register in the Supreme Court.

Doctors

¶36. The Sri Lanka Medical Council allows qualified foreign doctors and medical specialists to work in Sri Lanka. They have to be sponsored by a medical institution or a non-government organization, and are required to obtain temporary registration from the Sri Lanka Medical Council (SLMC). Many Indian doctors have been issued resident work visas recently to work in a hospital in Sri Lanka which was Indian-owned until purchase by a Sri Lankan company in mid-2006.

Engineers and architectural services

¶37. Over the years, most foreign funded projects have used foreign consultants and contractors.

INVESTMENT BARRIERS

¶38. Sri Lanka welcomes foreign investment. One hundred percent foreign investment is allowed in most manufacturing and services sectors. Foreign investment is not permitted in the following businesses: non-bank money lending; pawn brokering; retail trade with a capital investment of less than $1 million (with one notable exception: the Board of Investment (BOI) permits retail and wholesale trading by reputable international brand names and franchises with an initial investment of not less than $150,000); coastal fishing; education of students under 14 years of age for local examinations; and the awarding of local university degrees (note that this does not limit the awarding of degrees from overseas institutions). Investment in the following sectors is restricted and subject to screening and approval on a case-by-case basis when foreign equity exceeds 40 percent: shipping and travel agencies; freight forwarding; higher education; mass communications; deep sea fishing; timber-based industries using local timber; mining and primary processing of non-renewable national resources; and the

growing and primary processing of tea, rubber, coconut, rice, cocoa, sugar and spices. Foreign investment equity restrictions and government regulations also apply to air transportation, coastal shipping, lotteries, large-scale mechanized gem mining, and "sensitive" industries such as military hardware, dangerous drugs and currency.

¶39. The BOI offers a range of incentives to both local and foreign investors. To qualify for BOI incentives, investors need to meet minimum investment and minimum export requirements. In general, the treatment given to foreign investors is non-discriminatory. Even with incentives and BOI facilitation, however, foreign investors can face difficulties operating in Sri Lanka. Problems range from difficulties in clearing equipment and supplies through customs to obtaining land for factories. The BOI encourages investors to locate

their factories in BOI-managed industrial processing zones to avoid land allocation problems. Investors locating in industrial zones also get access to relatively better infrastructure facilities such as improved power reliability, telecommunication and water supplies.

¶40. Government treatment of foreign investors in the privatization process has been largely non-discriminatory, with foreigners buying controlling interest in some companies. The privatization process has not always been transparent, however. For instance, in 2003, the government sold part of the retail operations of state-owned Ceylon Petroleum Corporation (CPC) to a foreign entity without a formal tender process. The current government rejects the privatization of state enterprises, including "strategic" enterprises such as state-owned banks, airports, and electrical utilities.

¶41. Government failure in paying, and delays in paying, agreed subsidy payments and other charges owed to foreign companies is acting as a clear barrier to foreign investment in Sri Lanka. For example, a major US company has faced problems due to government failure to honor an agreement to pay for services rendered under an agreement signed between the US company and a government owned company. As a result, $3 million was owed by the state-owned entity to the US company. The US company has now reduced its claim substantially, although even this amount remains outstanding as of October 2006. In another case, a foreign majority owned (not US) retailer has suffered heavy losses due to the government failure to honor agreements with regard to the payment of subsidies to the company resulting from price controls on the company's product. The government has recently withdrawn this price control, and allows the foreign company to set its own price. The company complains, however, that it is finding it difficult to compete with its competitor, a state-owned company which continues to sell at below cost.

¶42. Access to local credit markets by foreign-owned companies incorporated in Sri Lanka was liberalized in 2003 and such firms can now borrow rupee funds without the approval of the Central Bank. Foreign-owned companies, BOI-approved firms and exporters can access dollar denominated loans. Applications for dollar denominated loans from local firms are considered on a case-by-case basis and are not encouraged.

Capital Repatriation

¶43. Sri Lanka has accepted Article VIII status of the IMF and has liberalized exchange controls on current account transactions. However, on October 20, 2006, the Central Bank introduced restrictions on import financing. Banks are required to obtain a deposit of 50 percent of the invoice value at the time of opening letters of credit for imports of non-essential consumer items. There are no surrender requirements on export receipts, but exporters need to repatriate export proceeds within 120 days to settle export credit facilities. Other export proceeds can be retained abroad. Currently, contracts for forward bookings of foreign exchange are permitted for a maximum period of 360 days for the purposes of payments in trade and 720 days for the repayment of loans. There are also no barriers, legal or otherwise, to the

expeditious remitting of corporate profits and dividends for foreign enterprises doing business in Sri Lanka. Remittance of business fees (management fees, royalties and licensing fees) is also freely permitted. Funds for debt service and capital gains of BOI-approved companies exempted from exchange control regulations are freely permitted. Other foreign companies remitting funds for debt service and capital gains require Central Bank approval. Prior to Central Bank approval they also need a tax clearance certificate. All stock market investments can be remitted without prior approval of the Central Bank. Investment returns can be remitted in any convertible currency at the legal market rate.

¶44. Controls on capital account (investment) transactions usually prohibit foreigners from investing in debt and fixed income securities. One exception has been the Central Bank's local market dollar denominated bond issues which were opened to foreign investors. Further relaxing capital controls, the Central Bank decided to permit foreign investors to purchase government (local currency denominated) bonds in October 2006. Accordingly, foreign investors are allowed to hold up to 5 percent of government medium and long term bonds. Local companies require Central Bank approval to invest abroad. The process of granting approval for such investments was streamlined in 2002, resulting in an increase in approvals.

OTHER BARRIERS

¶45. Litigation delay is a serious problem. For example, a U.S. investor with a substantial investment in an export manufacturing company has faced lengthy delays in a court case over a large insurance claim. The company instituted legal action in June 1999 and court proceedings are still on-going, resulting in additional financial losses for the company. The government has established a commercial court to hear business litigation, but delays are common.

¶46. In 2004, the government reintroduced a 100 percent transfer tax on property purchased by foreign nationals and companies. For this purpose, a "foreign company" is defined as an entity with at least 25 percent foreign equity. Apartments above the third floor of condominium buildings, land for the development of factories, large housing schemes, hospitals, hotels, and large infrastructure projects are exempted from the tax.

RANKING OF BARRIERS:

¶47. Key barriers to US trade and services are listed below.

-- Import charges

-- Intellectual Property Rights Protection

-- Proposed labeling regulation on genetically modified goods

-- Banking regulations

-- Taxes on foreign TV programming and closure of cable TV stations

BLAKE